OFFICE OF THE REGISTRAR OF JOINT STOCK COMPANIES IN MYSORE, BANGALORE.

Notification C-184—36-37, dated 6th November 1936.

The following Notification (Auditor's Certificates Rules, 1932), with amendments upto the end of June 1936, of the Government of India, in the Department of Commerce are republished for general information:—

GOVERNMENT OF INDIA.

DEPARTMENT OF COMMERCE.

Notification.

Auditor's Certificates Rules, 1932.

(Amended upto the end of June 1936).

(*Vide* the copy of the printed Rules enclosed for publication).

S. ABDUL WAJID,
Registrar of Joint Stock Companies in Mysore, Bangalore.

AUDITOR'S CERTIFICATES RULES, 1932.

[Department of Commerce Notification (Registration of Accountants) No. 213 (11)-T. & E.-(A.B.), dated the 26th March 1932.]

In exercise of the powers conferred by sub-section (2) of section 144 of the Indian Companies Act, 1913 (VII of 1913), the Governor-General in Council is pleased to make the following rules, the same having been previously published as required by the said sub-section, namely:—

1. These rules may be called the Auditor's Certificates Rules, 1932.

2. In these rules, unless there is anything repugnant in the subject or context,—

(*a*) "Approved Accountant" means an accountant approved by the Governor-General in Council for the purpose of taking articled clerks.

(*b*) "Auditor's Certificate" means a certificate granted under these rules entitling the holder to act as an auditor of companies throughout British India.

(*c*) "Graduate" means a graduate of a University constituted by law in British India or of the University of Mysore or of the Osmania University, or of a University in Great Britain and Northern Ireland.

(*d*) "The Register" means the Register of Accountants.

PART I.

Maintenance of and Enrolment on the Register.

3. The Governor-General in Council shall maintain a Register of Accountants who shall be entitled to apply for certificates to practise as auditors of companies throughout British India. The name, usual address and qualifications of every such accountant shall be entered in the Register with the date on which an auditor's certificate, if any, was granted to him.

4. A person shall not be eligible for enrolment on the Register if he:—

(1) has been adjudged by a competent court to be of unsound mind;

(2) is an undischarged insolvent;

(3) being a discharged insolvent has not obtained from the court a certificate that his insolvency was caused by misfortune without any misconduct on his part;

(4) has been convicted by a competent court, whether within or without British India, of an offence punishable with transportation or imprisonment unless the offence of which he was convicted has been pardoned or unless, on an application made by him, the Governor-General in Council has, by order in this behalf, removed the disability; or

(5) having previously practised as a public accountant is considered by the Governor-General in Council not to be a fit and proper person to be enrolled on the Register by reason of any act of negligence, misconduct or dishonesty committed in his professional capacity.

5. Subject to the provisions of Rule 4 and Rule 9, a person holding the Government Diploma in Accountancy, awarded on the recommendation of the Accountancy Diploma Board, Bombay, shall be entitled to be enrolled on the Register and may apply for enrolment on the Register at any time.

6. No person other than a person entitled to be enrolled on the Register shall be eligible for enrolment unless he has attained the age of twenty-one and has satisfied either—

(*a*) the tests prescribed in Part II of these rules, or

(*b*) a test recognised by the Governor General in Council as equivalent to the tests referred to in clause (*a*).

7. For the purposes of clause (*b*) of Rule 6, membership of any one of the following institutes and societies shall be recognised as equivalent to the tests prescribed in Part II:—

(1) The Institute of Chartered Accountants in England and Wales;

(2) The Society of Incorporated Accountants and Auditors, London;

(3) The Society of Accountants in Edinburgh;

(4) The Institute of Accountants and Actuaries in Glasgow;

(5) The Society of Accountants in Aberdeen; and

(6) The Institute of Chartered Accountants in Ireland.

8. During a period not exceeding two years after the commencement of these rules, applicants for enrolment on the Register who are not entitled to enrolment under the second proviso to section 3 (1) of the Indian Companies (Amendment) Act, 1930, or under Rule 5, and who are not eligible for enrolment under Rule 6, will be required to satisfy the Governor-General in Council that they are fit and proper persons for enrolment and have resided for not less than twelve months in India after attaining the age of eighteen.

9. (1) Every person enrolled on the Register shall pay an annual fee of Rs. 32. The annual fee shall be due and payable on the 1st April in each year.

(2) Every person, whose application for enrolment on the Register has been accepted shall before enrolment pay (*a*) an entrance fee of Rs. 150, and (*b*) a sum equivalent to the annual fee provided that the full amount of the entrance fee and half the amount of the annual fee shall be payable before enrolment by a person enrolled on or after the 1st October and before the 1st April next following.

10. (1) Every person wishing to be enrolled on the Register shall submit an application to the Secretary to the Government of India, Department of Commerce, in Form A (Appendix I).

(2) The applicant shall furnish such further information bearing on his application as the Governor-General in Council may at any time require from him.

11. If the application is accepted by the Governor-General in Council, an intimation to that effect shall be sent to the applicant along with a request for payment of the prescribed fees. On receipt of the prescribed fees, the applicant's name shall be enrolled on the Register and a certificate of enrolment in Form B (Appendix 1) issued to him.

12. A person enrolled on the Register shall be entitled to style himself "Registered Accountant" (or where he practises under a trade name such as Ram Lall and Company, "Registered Accountants') and to use the letters "R. A." after his name as long as his name continues to appear on the Register. A firm shall not be entitled to style itself "Registered Accountants" unless all of its partners practising in India are enrolled on the Register.

13. Every person enrolled on the Register may apply to the Governor-General in Council for a certificate entitling him to act as an auditor of companies throughout British India. The certificate shall be in Form C (Appendix 1) and shall be valid until the 30th June in the financial year next following. No fee shall be payable for a certificate. Every application for the grant of a certificate shall be addressed to the Secretary to the Government of India in the Department of Commerce. No application shall be necessary for the renewal of a certificate, but a fresh certificate valid for the succeeding twelve months shall be sent to each accountant to whom a certificate has previously been granted and whose certificate is still valid provided that he remains enrolled on the Register and has paid the annual fee due under Rule 9.

Explanation.—A certificate granted at any time during the financial year 1934-35 shall be valid until the 30th June 1935, notwithstanding the fact that it was granted with validity only up to the 31st March 1935.

14. (1) The Governor-General in Council may remove permanently or temporarily from the Register the name of any person—

(*a*) from whom the annual fee has not been received on the expiry of three months from the date on which it became due; or

(*b*) who is found to have been subject at the time of his enrolment, or thereafter has become subject, to any of the disabilities stated in clauses (1), (2), (3) and (4) of Rule 4; or

(*c*) whom the Governor-General in Council has declared not to be a fit and proper person to remain enrolled on the Register by reason of any act of negligence, misconduct or dishonesty committed in his professional capacity, or of any breach of professional propriety, provided that before making such declaration the Governor-General in Council shall call upon the person concerned to show cause why his certificate should not be cancelled, and shall make such further inquiry, if any, as he may consider necessary.

Explanation.—Without prejudice to the generality of the reference to any breach of Professional propriety, any act or omission specified in appendix 3 shall be deemed to be such breach.

(2) The removal of the name of any person from the Register shall be notified in the *Gazette of India* and shall be communicated to the person concerned.

15. An auditor's certificate shall be deemed to be cancelled from the date on which, and during the period for which the name of its holder is removed from the Register.

16. The Governor-General in Council may at any time restore the name of a person removed from the Register under

Rule 14 (1)(a) on receipt of all arrears on account of the annual fee from the applicant for restoration. The restoration of a name to the Register under this rule shall be notified in the *Gazette of India* and shall be communicated to the person concerned.

"17. The fees prescribed by these rules shall be paid into the Reserve Bank of India or where there is no office of the Reserve Bank of India into the Imperial Bank of India acting as the Agent of the Reserve Bank of India or into any Government Treasury for credit under the head "XXVI—Miscellaneous Departments—Central—Registration of Accountants", and the bank or treasury receipt therefor shall be sent to the Secretary to the Government of India in the Department of Commerce."

18. The Register shall be published annually in the *Gazette of India* and the copies of the Register shall be placed on sale.

PART II.

Theoretical Training, Examination and Practical Training.

19. Except as otherwise expressly provided in these rules, persons wishing to qualify themselves for enrolment on the Register shall be required to pass the First and Final Examinations prescribed and to serve under articles with an Approved Accountant for the periods and in the manner laid down in these rules.

20. A person who has, before the 31st December 1934 passed the examination for the Government Diploma in accountancy or an examination recognised as equivalent thereto by the rules forthe award of the Government Diploma in Accountancy shall not be required to pass either the First or the Final Examination.

21. A person who—

(a) has obtained the degree of Bachelor of Commerce of a University constituted by Law in British India or of the University of Mysore or of the Osmania University or of a University in Great Britain and Northern Ireland; with advanced Accounting as an optional subject, or

(b) has held for a period of not less than seven years prior to the date of commencement of the Final Examination a restricted certificate granted by a local Government entitling him to act as an auditor within a province, or;

(c) has appeared and failed at any of the examinations for the Government Diploma in Accountancy, or an examination recognised as equivalent thereto, held in the years 1932, 1933 and 1934;

shall not be required to pass the First Examination. Provided that clause (c) shall remain in force up to the 31st December 1937 only.

First Examination.

22. No candidate shall be admitted to the First Examination unless he—

(a) is a graduate, or,

(b) has passed an examination entitling him to enter upon a course of studies at a University constituted by law in British India or the University of Mysore or the Osmania University or an examination recognised by the Governor-General in Council as equivalent thereto and produces a certificate from the head of an institution recognised for the purpose by the Governor-General in Council or an institution recognised by the Accountancy Diploma Board, Bombay, under the regulations for the award of the Government Diploma in Accountancy, that he has, subsequently to passing such examination, studied for a period of one academic year at such an institution and is fit to present himself for the examination, or

(c) produces a certificate that he has served for not less than seven years as an audit clerk in the office of an Approved Accountant.

23. Every candidate for admission to the First Examination shall pay a fee of Rs. 30.

24. Candidates for the First Examination will be examined in the subjects comprised in the following two Groups and every candidate will be required to pass simultaneously in both Groups.

Group I—*Accountancy and Auditing.*—(Two papers of three hours each).

Paper (*i*)—*Book-keeping.*—Short methods of calculation; Theory and practice of Single and Double Entry Book-keeping including the preparation of Production, Trading and Profit and Loss Accounts and Balance Sheets.

Paper (*ii*) *Accountancy and Auditing.*—Consignment and Joint Accounts; Partnership and Company Accounts; Departmental and Branch Accounts and General Principles of Auditing.

Group II—*Mercantile Law, Company Law and General Commercial Knowledge.* (Two papers of three hours each.)

Paper (*i*) *Mercantile Law and Company Law.*—Law relating to Contracts, Sale of Goods, Partnership; and Elements of Company Law.

Paper (*ii*) *General Commercial Knowledge.*—Charter parties; Bills of Lading; Fire and Marine Insurance; Bills; Cheques; Documents of Title to Goods; Stocks, Shares and other securities; Commercial Correspondence and Elements of Secretarial Practice.

The above particulars are intended as a general guide to questions which may be asked in each paper.

Final Examination.

25. No candidate shall be admitted to the Final Examination unless he—

(*a*) (*i*) has either passed the First Examination or is exempted by Rule 21 from passing that examination; and

(*ii*) has either completed the period of service under articles prescribed by Rule 56 or is serving the last twelve months of the said period or is exempt from service under articles.

Provided that in the case of every candidate an interval of not less than eleven months shall have elapsed between the date of his passing the First Examination and the commencement of the Final Examination.

or (*b*) has appeared and failed at any of the examinations for the Government Diploma in Accountancy, or an examination recognised as equivalent thereto, held in the years 1932, 1933 and 1934, provided that this clause shall be operative only as regards the Final Examination to be held in the years 1935, 1936 and 1937.

26. Every candidate for admission to the Final Examination shall pay a fee of Rs. 50.

27. Candidates for the Final Examination will be examined in the subjects comprised in the following two Groups and every candidate will be required to pass in both Groups. A candidate who passes the examination in only one Group shall not be required on the next occasion on which he presents himself for the examination to sit for the Group in which he

has passed. If he then fails to pass in the remaining Group, he shall be required to pass in both Groups when he next sits for the examination.

Group I—*Advanced Accounting and Auditing.*—(Three papers of three hours each.)

Paper (*i*) *Advanced Accounting* including knowledge of accounts in connection with floatation, reconstruction, amalgamation and liquidation of companies; Insolvency and Bankruptcy Accounts; Income-tax.

Paper (*ii*)—*Advanced Accounting* including knowledge of Accounts of Banks, Insurance Companies, and Electricity Companies; Double Account System; Costing, Stores and Labour Accounts.

Paper (*iii*)—*Auditing.*

Group II—*Mercantile Law, Company Law and Economics.*—(Three papers of three hours each).

Paper (*i*) *Mercantile Law* including the law relating to Negotiable Instruments; Arbitration and Awards; Insolvency; Rights and Duties of Liquidators, Trustees and Receivers.

Paper (*ii*)—*Company Law* including law relating to special classes of companies and Income-tax law.

Paper (*iii*)—*Economics*—Elements of Economics including Currency, Banking and Foreign Exchange.

The above particulars are intended as a general guide to questions which may be asked in each paper.

General.

28. The examinations shall be conducted in such manner as the Governor-General in Council may direct.

29 The First and the Final Examinations will ordinarily be held once in every year in the month of March or April at such places and times as may be notified by the Governor-General in Council in the *Gazette of India.*

30. Applications for admission to an examination shall be made on the prescribed form which may be obtained from the Secretary to the Government of India in the Department of Commerce. Every such application together with the prescribed fee shall be sent so as to reach the Government of India between the 1st and 31st of January of the Calendar year in which the examination is held.

31 No fee paid for admission to an examination shall in any circumstances be refunded. If a candidate who has paid the prescribed fee is subsequently prevented from attending the examination for admission to which he has applied, the Governor-General in Council may, if he is satisfied that the candidate was prevented from attending by circumstances beyond his control, permit the fee to be transferred to the next examination.

32. A notice stating the place, dates and times at which the candidate will be required to present himself for examination shall be sent to each candidate to the address given by him in his application so as to reach him not less than fourteen days before the commencement of the examination.

33. Every candidate passing the First or Final Examination shall be furnished with a certificate to that effect.

34. A list of successful candidates shall be published in the *Gazette of India* in alphabetical order after each examination and shall be sent to each successful candidate. The names of candidates obtaining distinction in the examinations shall be indicated in the list. Candidates shall not be supplied with the number of marks obtained by them in any paper but each unsuccessful candidate shall be informed of the group or groups in which he has failed.

35. If a candidate is found to have resorted to unfair means during the conduct of an examination or to have attempted to influence an examiner, the Governor-General in Council may, on receipt of a report to that effect from any examiner or any person duly authorised to conduct the examination, remove the name of such candidate from the list of those entered for the examination and may direct that a candidate whose name has been so removed shall not be admitted to the next or to any subsequent examination held under these rules.

36. No person shall be eligible for enrolment on the Register under Rule 6(*a*) unless he has served under articles with an Approved Accountant and produces a certificate from the Approved Accountant in Form F given in Appendix 2. The periods to be served shall be as follows :—

(*a*) Persons who have before the 31st December 1934, passed the examination prescribed for the Government Diploma in Accountancy or an examination recognised as equivalent thereto by the Regulations for the award of the Government Diploma in Accountancy ... ... three years.

(*b*) Persons who are admitted to the Final Examination under clause (*b*) of rule 25, and pass it, and whose apprenticeship under the regulations for the award of the Government Diploma in Accountancy was registered with the Accountancy Diploma Board, Bombay, before the 1st April 1933, or whose articles were registered under rule 42 with the Government of India in the Department of Commerce before that date ... three years.

(*c*) Graduates ... ... four years.

(*d*) Others ... ... five years.

Provided that the following persons shall not be required to serve any period under articles :—

(*i*) a person who has held for a period of not less than seven years a restricted certificate granted by a local Government entitling him to act as an auditor within a province;

(*ii*) a person who has completed a total period of nine years, either in service as an audit clerk in the office of an Approved Accountant, or partly in such service and partly in service under articles.

For the purpose of this rule any period of apprenticeship served under the Regulations for the award of the Government Diploma in Accountancy and duly registered with the Accountancy Diploma Board, Bombay, shall be reckoned as service under articles.

(1) After the proviso to rule 36 of the said Rules the following further proviso shall be inserted namely :—

"Provided further that a person who, on completion of his apprenticeship under the regulations for the award of the Government Diploma in Accountancy, is required under this rule to serve a further period may serve such period under articles with the same Accountant with whom he served his apprenticeship, whether the said accountant is an Approved Accountant or not, provided he rejoins him within six months from the date of completion of his apprenticeship."

Approved Accountants and Articled Clerks.

37. A list of Approved Accountants shall be maintained by the Governor-General in Council. The list shall be published once a year in the *Gazette of India* and copies of the list shall be placed on sale.

38. (1) No person shall be eligible for inclusion in the list of Approved Accountants unless he is enrolled on the Register

and is in practice as a public accountant and has been continuously for a period of not less than three years immediately before the date of his application either in practice as a public accountant or employed as a paid assistant to a practising public accountant or partly in such practice and partly so employed.

(2) Applications for inclusion in the list shall be submitted through the Local Government of the province in which the candidate has his head office to the Secretary to Government of India in the Department of Commerce and shall be accompanied by particulars of the candidate's practice or that of his firm.

(3) An Approved Accountant shall on ceasing to practise as a public accountant inform the Secretary to the Government of India in the Department of Commerce of the fact within thirty days from the date on which he ceases to practice.

39. The Governor-General in Council may remove the list of Approved Accountants the name of any person who has ceased to practise as a public accountant or who in his opinion is no longer a fit and proper person to employ articled clerks and such removal shall be notified in the *Gazette of India*.

Provided that before removing the name of any person on the ground that he is no longer a fit and proper person to employ articled clerks the Governor-General in Council shall call upon the person concerned to show cause why his name should not be removed.

40. (1) (*a*) Except as elsewhere provided in this rule an Approved Accountant may employ not more than three articled clerks at one time.

(2) After clause (*a*) of sub-rule (1) of rule 40 of the said Rules the following proviso shall be inserted, namely :—

"Provided that if the articled clerks in the employ of an Approved Accountant include any such person as is referred to in the second proviso to rule 36, the total number of articled clerks employed by such accountant may be four."

(*b*) If an Approved Accountant have for the time being in his employ any apprentices under the regulations for the award of the Government Diploma in Accountancy, the total number of such apprentices and of articled clerks employed shall not exceed four in all.

(*c*) An Approved Accountant in practice without any partner may in addition to the articled clerks and apprentices hereinbefore allowed to be employed, employ one articled clerk for every paid assistant in his service and enrolled on the Register.

(*d*) An Approved Accountant in practice with one or more partners who are Registered Accountants but who are not Approved Accountants, may, in addition to the articled clerks and hereinbefore allowed to be employed, employ one articled clerk for each of such partners and one articled clerk for each paid assistant in the service of the firm and enrolled on the Register.

(*e*) Where two or more Approved Accountants are in practice as partners with or without additional partners who are Registered Accountants but not Approved Accountants, one or other of the partners who are Approved Accountants, may, in addition to the articled clerks and apprentices hereinbefore allowed to be employed, employ one articled clerk only for each such additional partner and one for each paid assistant in the service of the firm and enrolled on the Register.

(2) An Approved Accountant may, on the death or retirement of a partner in his firm, accept transfer, in accordance with Rule 46, of the articles of any clerk who was employed by such partner at the time of his death or retirement and may continue to employ such clerk for the remainder of his term of service under articles in addition to the number of articled clerks already in his employment at the time of his partner's death or retirement provided that such addition shall not cause the total

number of clerks and apprentices in his employment exclusive of the articled clerks employed by him under clause (*e*) of sub-rule (1), to exceed four.

41. An Approved Accountant shall before accepting a person for service with him under articles satisfy himself by inspection of the relevant certificates that such person—

(*a*) will be not less than sixteen years of age on the date of commencement of his articles, and

(*b*) has passed the Matriculation Examination of a University constituted by law in British India or of the University of Mysore or of the Osmania University, or any other examination entitling him to enter upon a course of studies at any such University or an examination which has been declared by the Governor-General in Council to be equivalent thereto.

42. The articles shall be executed in Form D or Form E (Appendix 2), according as the candidate for articled clerkship is of full age or is a minor, and shall be stamped. The articles together with the necessary documentary evidence showing that the conditions laid down in clauses (*a*) and (*b*) of Rule 41 are satisfied, shall be sent to the Secretary to the Government of India in the Department of Commerce for registration so as to reach him within sixty days after the execution of the articles or their commencement whichever is earlier and shall be accompanied by a fee of Rs. 10 and by a statement giving particulars of the name, father's name, residence and age of the articled clerk.

43. A register of articled clerks shall be maintained by the Governor-General in Council.

44. No articled clerk shall, during the time of his service as articled clerk except with the permission of the Governor-General in Council, engage in any other business or occupation.

45. In the event of any complaint of misconduct or breach of any of the covenants contained in the articles executed in Form D or Form E referred to in Rule 42, being made against any articled clerk, the Governor-General in Council may, if he is satisfied that the complaint is proved, direct the cancellation of the articles, or that any period already served under such articles shall not be reckoned as such service for the purpose of Rule 36. A person whose articles have been cancelled under this rule shall not be retained or taken as an articled clerk by any Approved Accountant.

46. In the event of the name of an employer of an articled clerk being removed from the list of approved accountants or if he ceases to practise, the articles may be transferred to another Approved Accountant and the transfer shall be reported to the Secretary to the Government of India in the Department of Commerce. In the like events or in the event of the death of the employer the articled clerk may enter into fresh articles for the remainder of his term of service. Such fresh articles shall be sent for registration as provided in Rule 42 but shall not require the payment of any fee.

47. Articles may by agreement between the articled clerk and his employer be assigned to another employer. Such an assignment shall be subject to the provisions of rule 42 regarding registration and the payment of a fee.

48. Pending the publication of the first list of Approved Accountants and for a period of six months thereafter, an accountant who was permitted immediately before the commencement of these rules to take an apprentice or apprentices for training for the Government Diploma in Accountancy may employ an articled clerk or clerks in accordance with these rules. Provided that, if his name shall not have been included in the list of Approved Accountants, he shall, at the request of an articled clerk employed by him, permit the assignment of the articles of

such clerk to an accountant included in the list of Approved Accountants and shall refund to such clerk a proportion of any premium received from him equal to the proportion which the unexpired period of the articles bears to the total period of such articles.

PART III.

The Indian Accountancy Board.

49. The Indian Accountancy Board shall consist of not less than fifteen and not more than twenty members appointed by the Governor-General in Council. Two members shall be persons in the service of Government and of the remainder not less than two-thirds shall be professional accountants.

50. One of the members in the service of Government shall be appointed Chairman of the Board by the Governor-General in Council and shall have power to depute any other person in the service of Government to act as member and chairman on his behalf.

51. The Secretary to the Board shall be appointed by the Governor-General in Council and shall not be a member of the Board.

52. (1) Save as otherwise provided in these rules, a member of the Board other than a member who is in the service of Government, shall hold office for three years from the date of his appointment.

(2) A member, appointed to fill a casual vacancy shall hold office so long as the member whose place he fills would have been entitled to hold office if the vacancy had not occurred.

53. A member other than a member who is in the service of Government, may resign his office by letter addressed to the Secretary to the Government of India in the Department of Commerce.

54. (1) Before a member, other than a member who is in the service of Government, leaves India for a period exceeding thirty days—

(*a*) he shall intimate to the Secretary to the Government of India in the Department of Commerce the date of his departure from and the date of his expected return to India, and

(*b*) if he intends to be absent from India for a period longer than six months he shall tender his resignation or apply for leave of absence. On receipt of such application the Governor-General in Council may at his discretion grant leave of absence, or, if he considers it necessary, treat the member's office as vacant and appoint another member thereto.

(2) If any member, other than a member who is in the service of Government, leaves India for a period exceeding thirty days without taking either of the courses mentioned in sub-rule (1) he shall be deemed to have resigned his office with effect from the date of his departure from India.

55. A member, other than a member in the service of Government, shall be deemed to have vacated his seat on the Board—

(*a*) if he is found to have been subject at the time of his appointment to the Board, or thereafter has become subject, to any of the disabilities stated in clauses (1), (2), (3) and (4) of Rule 4, or

(*b*) if he is absent from two consecutive meetings of the Board without special leave of absence from the Chairman of the Board.

56. The Board shall meet as often as may be required, provided that a meeting shall be held at least once a year. The place of meeting shall be at the headquarters of the Government of India or at such other place as the Chairman may think fit.

57. Twenty-one days at least before any meeting of the Board, notice of the time and place of the intended meeting shall be sent to the usual address of every member of the Board and such notice shall, so far as practicable, contain a statement of the business to be transacted at such a meeting, provided that in cases of urgency an emergency meeting may be summoned at any time by the Chairman who shall inform members of the subject matter for discussing and the reasons for which he considers it to be urgent.

58. The Chairman shall preside at every meeting at which he is present and, if he is absent, the members present shall elect one of their number to preside over the meeting.

59. No business shall be transacted at a meeting of the Board unless there are present at least eight members.

60. Any question which the Board is required to take into consideration may, if the Chairman so decides, be referred to the members by circulation of the papers. Provided that no business shall be disposed of by circulation unless not less than half the total number of members have expressed their views upon it. All members shall be informed of any decision made as the result of circulation.

61. The Board may appoint committees constituted from among the members to report to the Board in regard to particular matters included within the scope of its functions or to advice and assist the Governor-General in Council in regard to any such matter. Every such committee shall, consist of not less than five members, of which three shall form a quorum.

62. Minutes shall be made of the proceedings of meetings of the Board and of the committees thereof and every minute signed by the Chairman of the meeting to which it relates, or by the Chairman of the next subsequent meeting, shall be submitted to the Governor-General in Council.

63. Members of the Board (other than members who are in the service of Government and are entitled to travelling and daily allowances under the ordinary rules) shall receive a first class fare to and from the place of meeting and a fee of Rs. 50 per diem for each day of absence from their principal places of business. The members resident at the place of meeting shall receive a fee of Rs. 50 for each day on which they attend a meeting.

PART IV.

Local Accountancy Boards.

64. The Governor General in Council may constitute a Local Accountancy Board for any area and may designate the headquarters of each Local Accountancy Board so constituted.

65. A Local Accountancy Board shall consist of not less than three and not more than eight members who shall be appointed by the Governor-General in Council on the recommendation of the local Government concerned. Provided that, in addition to the members so appointed, a member of the Indian Accountancy Board shall be *ex-officio* a member of the Local Accountancy Board for the area in which he ordinarily resides.

66. The Chairman of a Local Accountancy Board shall be a member of the Indian Accountancy Board and shall be appointed by the Governor-General in Council.

67. (1) Save as otherwise provided in these rules, a member other than a member who is in the service of Government or who is a member *ex-officio*, shall hold office for three years from the date of his appointment.

(2) A member appointed to fill a casual vacancy shall hold office so long as the member whose place he fills would have been entitled to hold office if the vacancy had not occurred.

68. A member, other than a member who is in the service of Government or who is a member *ex-officio*, may resign his office by letter addressed to the Secretary to the Government of India in the Department of Commerce.

69. (1) Before a member, other than a member who is in the service of Government or who is a member *ex-officio*, leaves India for a period exceeding thirty days,

(*a*) he shall intimate to the Secretary to the Government of India in the Department of Commerce the date of his departure, and the date of his expected return to India, and

(*b*) if he intends to be absent from India for a period longer than six months he shall tender his resignation or apply for leave of absence. On receipt of such an application the Governor-General in Council may at his discretion grant leave of absence or, if he considers it necessary, treat the member's office as vacant and appoint another member thereto.

(2) If any member to whom sub-rule (1) applies leaves India for a period exceeding thirty days without taking either of the courses mentioned in clause (*b*) of that sub-rule he shall be deemed to have resigned his office with effect from the date of his departure from India.

70. A member, other than a member who is in the service of Government, or who is a member *ex-officio*, shall be deemed to have vacated his seat on a Board—

(*a*) if he is found to have been subject at the time of his appointment to the Board or thereafter has become subject to any of the disabilities stated in clauses (1), (2), (3) and (4) of rule 4, or

(*b*) if he is absent from two consecutive meetings of the Board without special leave of absence from the Board.

71. Fourteen days at least before any meeting of the Board notice of the time and place of the intended meeting shall be sent to the usual address of every member of the Board and such notice shall, so far as practicable, contain a statement of the business to be transacted at such a meeting, provided that in cases of urgency an emergent meeting may be summoned at any time by the Chairman who shall inform members of the subject matter for discussion and the reasons for which he considers it to be urgent.

72. The Chairman shall preside at every meeting at which he is present and, if he is absent, the members present shall elect one of their number to preside over the meeting, provided that the Chairman shall be a member of the Indian Accountancy Board if any such member is present at the meeting.

73. Every question placed before the Board for decision shall, in the event of a difference of opinion, be decided by a majority of votes, and in case of equality of votes the Chairman shall have a casting vote in addition to his original vote.

74. No business shall be transacted at a meeting unless there are present at least half the total number of members, appointed and *ex-officio*. Provided that, if the total number of such members is less than six, three members shall form a quorum.

75. Any question which the Board is required to take into consideration may, if the Chairman considers it necessary, be referred to the members by circulation of the papers. Provided that no business shall be disposed of by circulation unless not less than half the total number of members have expressed their views upon it. All members shall be informed of any decision made as the result of circulation.

76. Minutes shall be made of the proceedings of meetings of the Board and every minute signed by the Chairman of the meeting to which it relates, or by the Chairman of the next subsequent meeting, shall be submitted to the Governor-General in Council.

77. Members of the Board (other than members who are in the service of Government and are entitled to travelling and

daily allowances under the ordinary rules) shall receive a first class fare to and from the place of meeting and a fee of Rs. 30 per diem for each day of absence from their principal places of business. The members resident at the place of meeting shall receive a fee of Rs. 30 for each day on which they attend a meeting.

APPENDIX I.

Form A.

Form of Application for enrolment on the Register of Accountants.

(*See* Rule 10.)

The Secretary to the Government of India,
Department of Commerce,
Simla.
New Delhi.

SIR,

I beg to offer myself for enrolment on the Register of Accountants. I also hereby declare that I am not subject to any of the disabilities stated in clauses (1), (2), (3) and (4) of Rule 4 of the Auditor's Certificates Rules, 1932.

1. Name in full and usual address.
2. Father's name.
3. Nationality.
4. Date of birth.*
5. Place or places of business or service.
6. Date of commencement of practice or service.
7. If a partner or assistant, state name of firm and position therein.
8. Period of residence in India.
9. Particulars of qualifications.†
10. Occupation in full.
11. State whether at any time debarred from practising as an auditor: If member of any of the institutions specified in Rule 7, state whether at any time membership was suspended, and if so, the reasons of suspension and its duration.
12. Whether Auditor's Certificate is required after enrolment on the Register of Accountants.

I beg to remain, etc.

Date :

*Applicants may be required to produce evidence of their age.
†Originals or duly certified copies of diplomas, certificates and other documents in support of qualifications claimed must be sent with the application.

Form B.

Government of India.

DEPARTMENT OF COMMERCE.

Certificate of Enrolment on the Register of Accountants.

(*See* Rule 11.)

No... .....

This is to certify that.....of.....in the province of.....was enrolled on this .... day of..... .....193 , on the Register of Accountants maintained under the authority of the Government of India.

Dated this.....day of.....193 .

By order of the Governor-General in Council.

Seal

Secretary to the Government of India,
Department of Commerce.

Form C.

Auditor's Certificate.

(*See* Rule 13.)

This is to certify that .. ..of..... ....is entitled to be appointed and to act as an auditor of companies throughout British India. This certificate is valid from the.....day of... .....19... to the 30th day of June 19.....inclusive.

Dated this.....day of.....193

By order of the Governor-General in Council.

Seal.

Secretary to the Government of India,
Department of Commerce.

APPENDIX 2.

FORM D.

(For use when the Articled Clerk is of full age.)

(*See* Rule No. 42.)

Articles of apprenticeship made the .....day of..... one thousand nine hundred and.....between..... ..... of.....an approved accountant under the Auditor's Certificates Rules, 1932.....(hereinafter called the Employer) of the one part and.....(hereinafter called the Articled Clerk) of the other part.

Witness as follows that is to say :—

1. In consideration of the covenants by the Articled Clerk hereinafter contained and of the premium of Rs .....paid by the Articled Clerk (the receipt whereof the Employed doth hereby acknowledge) the Employer agrees to take the Articled Clerk as his articled clerk for the term of.....years from the date of this deed.

2. The Articled Clerk of his own free will binds himself articled clerk to the Employer to serve him from the day of the date hereof for and during and upto the full end and term of years.

3. The Articled Clerk covenants with the Employers as follows :—

(*a*) That he will at all times during the said term diligently and faithfully serve the Employer as his articled clerk in the practice or profession of accountancy.

(*b*) That he will not at any time during the said term destroy, cancel, obliterate, spoil, embezzle, spend, make away with or take copies of books, papers, plans, documents, monies, stamps or chattels of the Employer his personal representatives or assigns or of his partner or partners or of any of his clients or employers which shall be deposited in his hands or which shall come to his care custody or possession or allow any of the said goods to be so treated by others if he can by the exercise of reasonable care prevent it.

(*c*) That he will at all times keep the secrets of the Employer and his partner or partners and of his and their clients and employers and will not divulge the names and affairs of such clients and employers.

(*d*) That he will readily and cheerfully obey and execute the lawful and reasonable commands of the Employer and will not depart or absent himself from the service or employ of the Employer at any time during the said term without his consent or that of his partners first obtained but will at all times during the said term conduct himself with all due diligence, honesty and propriety.

(*e*) That he will at all times well and faithfully serve the Employer as an articled clerk ought to do in all things whatsoever.

(*f*) He will make good and fully indemnify the Employer for any loss or damage suffered or sustained by his the Articled Clerk's misbehaviour or improper conduct.

4. The Employer covenants with the Articled Clerk as follows:—

(*a*) That he will by the best ways and means in his power and to the utmost of his skill and knowledge instruct or cause to be instructed the Articled Clerk and afford him such reasonable opportunities and work as may be required to enable him to acquire the art, science and knowledge of accountancy.

(*b*) That he will at the expiration of the said term use his best means and endeavours at the request, cost and charges of the Articled Clerk to cause the Articled Clerk to be enrolled on the Register of Accountants pursuant to the Auditor's Certificate Rules, 1932. Provided always that the Articled Clerk shall have well and faithfully served his intended clerkship and shall have passed the required examinations and in all respects properly qualified himself to be enrolled on the said Register.

(*c*) That if the Employer shall die or cease to practise as an accountant or cease to be borne on the list of Approved Accountants maintained under the Auditor's Certificates Rules, 1932, during the said term he or his personal representative shall at the option of the Articled Clerk either return a proportionate part of the premium or without any further expense to the Articled Clerk make the necessary arrangements for the completion of the residue of the term as Articled Clerk to some other.

(*d*) That he will allow the Articled Clerk leave of absence for each year of completed service a period aggregating not more than 30 days.

5. These articles are subject to the Auditor's Certificates Rules, 1932, and may be cancelled under Rule 45 of such Rule.

In witness whereof the parties have hereunto set their hands and seals the day and year first above written.

Signed, Sealed and Delivered.
by
in the presence of—
Signed, Sealed and Delivered
by
in the presence of

FORM E.

(For use when the Articled Clerk is a minor).

(*See* Rule No. 42.)

Articles of Apprenticeship made the..... ..day of.. ..... one thousand nine hundred and.....*between*..... of..... ...an approved accountant under the Auditor's Certificates Rules, 1932.....(hereinafter called the Employer), of the first part.....(hereinafter called the Guardian) of the second part and..... .. ..(hereinafter called the Articled Clerk) of the third part.

Witness as follows that is to say:—

1. In consideration of the covenants by the Articled Clerk and Guardian respectively hereinafter contained and of the premium of Rs.....paid by or on behalf of the Articled Clerk (the receipt whereof the Employer doth hereby acknowledge) the Employer agrees to take the Articled Clerk as his Articled Clerk for the term.....years from the date of this deed.

2. The Articled Clerk of his own free will and with the consent of the Guardian binds himself Articled Clerk to the Employer to serve him from the day of the date hereof for and during and unto the full end and term of.....years.

3. The Articled Clerk covenants with the Employer as follows:—

(a) That he will at all times during the said term diligently and faithfully serve the Employer as his Articled Clerk in the practice or profession of accountancy.

(b) That he will not at any time during the said term destroy cancel obliterate spoil embezzle spend make away with or take copies of books papers plans documents monies stamps or chattels of the Employer his personal representatives or assigns or of his partner or partners or of any of his clients or employers which shall be deposited in his hands or which shall come to his care custody or possession or allow any of the said goods to be so treated by others if he can by the exercise of reasonable care prevent it.

(c) That he will at all times keep the secrets of the Employer and his partner or partners and of his and their clients and employer and will not divulge the names and affairs of such clients and employers.

(d) That he will readily and cheerfully obey and execute the lawful and reasonable commands of the Employer and will not depart or absent himself from the service or employ of the Employer at any time during the said term without his consent or that of his partners first obtained but will at all times during the said term conduct himself with all due diligence honesty and propriety.

(e) That he will at all times well and faithfully serve the Employer as an Articled Clerk ought to do in all things whatsoever.

(f) That he will make good and fully indemnify the Employer for any loss or damage suffered or sustained by his the Articled Clerk's misbehaviour or improper conduct.

4. The Guardian covenants with the Employer as follows:—

That he will indemnify the Employer his partner or partners and all or any of them in case the Articled Clerk shall act contrary to the last-mentioned covenant and the Employer or his partners shall suffer thereby any loss damage or prejudice.

5. The Employer covenants with the Articled Clerk and the Guardian as follows:—

(a) That he will by the best ways and means in his power and to the utmost of his skill and knowledge instruct or cause to be instructed the Articled Clerk and afford him such reasonable opportunities and work as may be required to enable him to acquire the art science and knowledge of accountancy.

(b) That he will at the expiration of the said term use his best means and endeavours at the request cost and charges of the Articled Clerk and the Guardian or either of them to cause the Articled Clerk to be enrolled on the Register of Accountants pursuant to the Auditor's Certificates Rules, 1932. Provided always that the Articled Clerk shall have well and faithfully served his intended clerkship and shall have passed the required examinations and in all respects properly qualified himself to be enrolled on the said Register.

(c) That if the Employer shall die or cease to practice as an accountant or cease to be borne on the list of Approved Accountants maintained under the Auditor's Certificates Rules, 1932, during the said term he or his personal representatives shall at the option of the Articled Clerk either return a proportionate part of the premium or without any further expense to the Articled Clerk make the necessary arrangements for the completion of the residue of the term as Articled Clerk to some other.

(d) That he will allow the Articled Clerk leave of absence for each year of completed service a period aggregating not more than 30 days.

6. These articles are subject to the Auditor's Certificates Rules, 1932, and may be cancelled under Rule 45 of such Rules.

In witness whereof the parties have hereunto set their hands and seals the day and year first above written.

Signed Sealed and Delivered
by
in the presence of—
Signed Sealed and Delivered
by
in the presence of—
Signed Sealed and Delivered
by
in the presence of—

Form F.

Certificate of completion of service under Articles

(*See* Rule 36).

I, , of , do hereby certify that Mr. served as an articled clerk under me in accordance with the Auditor's Certificates Rules, 1932, for a period of from to , that his progress was satisfactory and that to the best of my knowledge he bears a good moral character.

The articles were duly registered with the Government of India in the Department of Commerce *vide* Registration No. of 193 .

(Place)
(Date)

(Signature)

APPENDIX 3.

[*See* Explanation to Rule 14 (1)]

List of acts and omissions by an Accountant enrolled on the Register which are deemed to be breaches of professional propriety.

(1) Placing of his professional services at the disposal of or entering into partnership with an unqualified person or persons in a position to obtain business of the nature in which public accountants engage by means which are not open to an accountant enrolled on the Register or to a holder of a restricted certificate granted by a local Government entitling him to act as an auditor within a province.

(2) Allowing or agreeing to allow directly or indirectly participation by a lawyer, broker or other agent, other than a Registered Accountant or a holder of a restricted certificate or a *bona fide* employee, of the profits of his professional work or accepting or agreeing to accept any part of the profits of the

professional work of a lawyer, auctioneer, broker, or other agent, other than a Registered Accountant or a holder of a restricted certificate or any commission or bonus therefrom.

(3) Accepting a position as auditor previously held by some other accountant without communicating with him.

(4) Accepting an appointment without first ascertaining from the company that the requirements of Section 144 (6) of the Indian Companies Act 1913 (VII of 1913), have been duly complied with.

(5) Soliciting professional work directly or indirectly in person, by letter, by advertising in newspapers or periodicals, by placards, by the distribution of circulars, cards or hand bills or by any other like means.

(6) Publishing or sanctioning the publication of expressions of thanks or appreciation from clients, or promoting in any way laudatory notices with regard to professional matters.

(7) Certifying any accounts, exhibits, statements, schedules or other forms of accountancy work which have not been verified entirely under the personal supervision of himself, a member of his firm, a member of his staff another Registered Accountant or a holder of restricted certificate.

(8) Giving estimates of future profits for publication in prospectus or otherwise, or certifying for publication statements of average profits over a period of two or more years without at the same time stating the profits or losses for each year separately.

(9) Failure to keep the moneys of his clients in a separate banking account or banking accounts exclusively used for the purpose.

RESTRICTED CERTIFICATES RULES, 1932.

[Department of Commerce Notification (Registration of Accountants) No. 213 (II)-T. & E.-(A.B.), dated the 26th March 1932].

In exercise of the powers conferred by sub-section (2) of Section 3 of the Indian Companies (Amendment) Act, 1930 (XIX of 1930), the Governor-General in Council is pleased to make the following rules, the same having been previously published as required by the said sub-section, namely :—

1. These rules may be called the Restricted Certificates Rules, 1932.

2. (1) Every person holding a temporary or permanent restricted certificate granted by a local Government entitling him to act as an auditor within a province shall, within three months of the commencement of these Rules, send his certificate, or a duly certified copy thereof, to the Secretary to the Government of India in the Department of Commerce. Original Certificates will be returned to the holders after the particulars entered in them have been noted.

(2) In the month of April in each succeeding year every holder of a restricted certificate intending to continue to practise as an auditor shall send a report to that effect to the Secretary to the Government of India in the Department of Commerce. A person who omits to send such report shall cease to be entitled to act as an auditor unless, on an application made by him, the Governor-General in Council, by order in this behalf, condones this omission.

3. (1) Every holder of a restricted certificate, whether such certificate is temporary or permanent, entitling the holder to act as an auditor within a province may continue so to act Provided that the Governor-General in Council may at any time suspend or cancel such a certificate if the holder—

(*a*) has been adjudged by a competent court to be of unsound mind ;

(*b*) is an undischarged insolvent ;

(c) being a discharged insolvent has not obtained from the court a certificate that his insolvency was caused by misfortune without any misconduct on his part;

(d) has been convicted by a competent court, whether within or without British India, of an offence punishable with transportation or imprisonment unless the offence of which he was convicted has been pardoned, or unless, on an application made by him, the Governor-General in Council has, by order in this behalf, removed the disability;

(e) has been declared by the Governor-General in Council not to be a fit and proper person to act as an auditor of the accounts of public companies by reason of any act of negligence, misconduct or dishonesty committed in his professional capacity, or of any breach of professional propriety provided that before making such declaration the Governor-General in Council shall call upon the holder to show cause why his certificate should not be cancelled, and shall make such further inquiry, if any, as he may consider necessary.

Explanation.—Without prejudice to the generality of the reference to any breach of professional propriety, any act or omission specified in the Appendix shall be deemed to be such breach.

(2) The suspension or cancellation of a certificate shall be notified in the local Official Gazette and communicated to the holder of the certificate at his usual address.

APPENDIX.

[*See* Explanation to Rule 8 (1).]

List of acts and omissions by an accountant subject to these Rules which are deemed to be breaches of professional propriety.

(1) Placing of his professional services at the disposal of or entering into partnership with an unqualified person or persons in a position to obtain business of the nature in which public accountants engage by means which are not open to an accountant subject to the Auditor's Certificates Rules, 1932, or to these Rules.

(2) Allowing or agreeing to allow directly or indirectly participation by a lawyer, broker or other agent, other than an accountant subject to the Auditor's Certificates Rules or to these Rules or a *bona fide* employee, of the profits of his professional work or accepting or agreeing to accept any part of the profits of the professional work of a lawyer, auctioneer, broker, or other agent, other than an accountant subject to the Auditor's Certificates Rules or to these Rules or any commission or bonus therefrom.

(3) Accepting a position as auditor previously held by some other accountant without communicating with him.

(4) Accepting an appointment without first ascertaining from the company that the requirements of Section 144 (6) of the Indian Companies Act, 1913 (VII of 1913), have been duly complied with.

(5) Soliciting professional work directly or indirectly in person, by letter, by advertising in newspapers or periodicals, by placards, by the distribution of circulars, cards or handbills or by any other like means.

(6) Publishing or sanctioning the publication of expressions of thanks or appreciation from clients, or prompting in any way laudatory notices with regard to professional matters.

(7) Certifying any accounts, exhibits, statements, schedules, or other forms of accountancy work which have not been verified entirely under the personal supervision of himself, a member of his firm, a member of his staff, an accountant subject to the Auditor's Certificates Rules or to these Rules.

(8) Giving estimates of future profits for publication in a prospectus or otherwise, or certifying for publication statements or average profits over a period of two or more years without at the same time stating the profits or losses for each year separately.

(9) Failure to keep the moneys of his clients in a separate banking account or banking accounts exclusively used for the purpose.